

California State University, Dominguez Hills Foundation

Post Award Management Services

POLICY ON CHARGING OF COSTS TO SPONSORED PROGRAMS

BACKGROUND POLICY STATEMENT

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) sets forth principles for determining costs applicable to Federal grants, contracts, and other agreements with educational institutions. Uniform Guidance prescribes which costs are allowable and not allowable for recovery from the government and of the costs considered allowable, whether the institution most appropriately treats them as direct or indirect costs.

Uniform Guidance states in 200.403 that a cost must meet the following general criteria **in order to be an allowable cost under a federal award**:

- (a) Must be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles;
- (b) Must conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items;
- (c) Must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity;
- (d) Must be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost;
- (e) Must be determined in accordance with generally accepted accounting principles (GAAP);
- (f) Must not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period; and
- (g) Must be adequately documented.

IN SUMMARY, COSTS MUST BE ALLOWABLE, ALLOCABLE, REASONABLE, AND CONSISTENTLY TREATED.

FACILITIES AND ADMINISTRATIVE (F&A) COSTS

F&A stands for facilities and administrative cost and is also known as "overhead" or "indirect cost." Expenses associated with the administration of sponsored projects, but which are not easily attributable to any specific project, fall into this category. Some examples are utilities associated with lab space; costs to administer human resources and payroll for project personnel; departmental support staff; and office supplies. In order to recoup a portion of these costs, the CSUDH Foundation periodically negotiates with the Federal government to determine F&A rates to be used on sponsored projects. These rates are based on expenditures and space allocable to research, instruction and public service/outreach for sponsored projects.

COST TRANSFERS

Overview

A cost transfer moves costs from one account to another to correct an error, reimburse service center or departmental costs, or for other reasons associated with a department's regular financial operations; it may not be used as a means for managing project funds (e.g., spending down an award that is expiring).

Essentials

A transferred cost must comply with *all* CSUDH Foundation policies and sponsor terms and conditions, including rules for allowability, reasonableness, allocability, and consistency.

Cost transfers, when necessary, must be timely; late cost transfers (more than 90 days after the end of the month in which the transaction occurred) must meet additional documentation criteria and be approved by Post Award Administration.

Importance

Expenses being transferred to or from a sponsored project prompt scrutiny of the reasons for the transfer and the justification for moving those charges. Any time you initiate a transfer, you invite the assumption that controls are lacking; hence, the initial transaction was not handled properly.

Compliance

Initiate cost transfers involving sponsored projects only under these circumstances:

- To correct an error (e.g., number transposition);
- When the transfer is within the same agreement and otherwise is an allowable cost;
- To allocate costs benefiting more than one sponsored project;
- To transfer retroactive expenses (including pre-award costs) when there has been a delay in finalizing contract negotiations. Transfers under these circumstances are still subject to approval when not completed within 90 days;
- To correct erroneous charges as documented and authorized by the Principal Investigator, their designee, or a responsible official within CSUDH Foundation who may reasonably be expected to have knowledge of the sponsored project and its terms and conditions;
- When there is supporting documentation and evidence of approvals as needed that provides sufficient information to allow for a clear audit trail; and
- When there is an appropriate explanation, if not processed within 90 days after the end of the month in which the transaction occurred.

The Principal Investigator, their designee, or a responsible official is reasonably expected to have knowledge of the sponsored project and its terms and conditions and ensure compliance with the charging of appropriate costs under each award.

Cost Transfer Procedure

Necessary cost transfers may be requested by Principal Investigator/departmental staff designee to Post Award Administration. In order to initiate a cost transfer, individuals should send via email the answers to the following questions in their justification:

- Why is the original charge being considered as incorrect and/or inappropriate?
- What makes the expense an appropriate and allowable charge for the grant to which it will be transferred?

All backup documentation supporting the cost transfer request must be included. Post Award Management shall review the request to determine if it will be approved.